

EXCISE SPIRIT DUTIES (IRELAND).

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RETURN to an Order of the Honourable The House of Commons,  
dated 9 June 1893;—for,

COPY "of REPORT of the COMMISSIONERS OF INLAND REVENUE to the TREASURY, dated the 6th day of June 1893, explaining an Error in the Computation of Ireland's Contribution to the SPIRIT DUTY, as shown in the 'Financial Relations' Returns of 1891 and 1893."

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Treasury Chambers, }  
9 June 1893.

JOHN T. HIBBERT.

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(Sir John Hibbert.)

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Ordered, by The House of Commons, to be Printed,  
9 June 1893.

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REPORT of the COMMISSIONERS OF INLAND REVENUE to the TREASURY,  
 dated the 6th June 1893, explaining an Error in the Computation of  
*Ireland's Contribution to the SPIRIT DUTY*, as shown in the Financial  
 Relations Returns of 1891 and 1893.

Inland Revenue, Somerset House,  
 6 June 1893.

May it please your Lordships.

At the time when the Parliamentary Return on the Financial Relations of England, Scotland, and Ireland, presented by Mr. Jackson to the House of Commons in 1891 (No. 329 of 1891), was under preparation, and again when the similar but more recent Return, presented on Mr. Clancy's Motion last February (No. 93 of 1893), was being compiled, your Lordships instructed us to furnish you with the details of the amounts, respectively, "collected in" and "contributed by" Ireland under the various heads of Inland Revenue. We regret to state that in the two Reports made by us to your Lordships, in accordance with these instructions, a grave error occurred in the calculation of Ireland's "contribution" to the duty on home-made spirits. The method followed by us in calculating that contribution in both the Reports in question was to deduct from the quantity of home-made spirits charged to duty in Ireland the number of gallons removed, after payment of duty, to Great Britain, and to add to that quantity the number of gallons removed, after payment of duty, from Great Britain to Ireland. The method was just, and the results would have been correct if the removals had been accurately recorded. But the statistics on which the calculation was based were, as has now been discovered, untrustworthiness.

The figures of duty-paid spirits conveyed from Ireland to Great Britain and from Great Britain to Ireland were taken by us from a periodical "Return of the quantity of duty-paid home-made spirits removed from one part of the United Kingdom to another part for home consumption." Up to last Easter no doubt had been entertained by us as to the accuracy of this Return. But when the Return for the financial year 1892-93 was being made up, we were struck by the greatness of the apparent increase in the export of duty-paid spirits from Ireland to Great Britain in 1892-93 as compared with 1891-92. This increase was especially marked in the case of Belfast. No reason being known to us why the exportation of duty-paid whisky from Belfast to Great Britain should have greatly increased during the last financial year, inquiry was immediately made as to the contrast presented by the two Returns; and it then came to light that in one of the four districts into which, for Inland Revenue purposes, Belfast is divided, the quantity of duty-paid spirits exported in 1891-92 had been greatly understated. The error was largely due to the negligence of a single officer. But the fact that so glaring an error had found its way into the "Return of Duty-paid Spirits removed" for 1891-92 aroused our suspicions as to the trustworthiness of these Returns generally; and we were thus led to test their accuracy, first for Belfast, then for Dublin, and ultimately for all parts of the United Kingdom from which there is any substantial export of spirits. A large staff has been engaged for some weeks under the direction of experienced officers in re-examining all the documents on which the Returns for the two years 1891-92 and 1892-93 were based. The result shows that, while no errors of equal magnitude to that first discovered in one district of Belfast have been committed elsewhere, the individual accounts from which the Returns are compiled have, in many instances, been inaccurately made up; and that the figures already published, and accepted without question in our reports to your Lordships at the time of the preparation of the "Financial Relations" Papers of 1891 and 1893 are wide of the truth.

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The figures as first reported to us were —

—	Duty-paid Spirits Exported from Ireland to Great Britain.	Duty-paid Spirits Exported from Great Britain to Ireland.	Excess of Duty-paid Spirits Exported from Ireland to Great Britain over those Exported from Great Britain to Ireland.
1891-92 - - - - -	Gallons. 3,080,174	Gallons. 49,500	Gallons. 3,030,674
1892-93 - - - - -	Gallons. 3,154,935	Gallons. 57,865	Gallons. 3,106,330

The figures as established by the recent re-examination of the original documents are—

—	Duty-paid Spirits Exported from Ireland to Great Britain.	Duty-paid Spirits Exported from Great Britain to Ireland.	Excess of Duty-paid Spirits Exported from Ireland to Great Britain over those Exported from Great Britain to Ireland.
1891-92 - - - - -	Gallons. 3,714,374	Gallons. 55,580	Gallons. 3,658,794
1892-93 - - - - -	Gallons. 3,605,284	Gallons. 58,582	Gallons. 3,546,702

On the basis of the revised figures, the contribution of Ireland for the year 1892-93 is 2,240,351*l.*, not 2,605,000*l.*, as estimated by Mr. Gladstone (relying upon the amount for the previous year given in the "Financial Relations" Papers of 1891 and 1893) in his speech on the First Reading of the Home Rule Bill.

We can only express our great regret for the occurrence of an error of such magnitude, and it is with no desire to extenuate it that we append a brief account of the manner in which it has arisen.

It is unfortunately impossible to check the figures of the removals of duty-paid spirits from one part of the United Kingdom to other parts for years prior to 1891-92, but there can be little doubt that the faults of system, which have vitiated this Return for the two last years, are not of recent growth, but have affected it more or less throughout the whole course of its existence.

The history of the Return is as follows:—

In April 1858 the duty on spirits in Ireland was raised to the same rate as that prevailing in England and Scotland, and from that time to this the duty has continued at equal rates in the three kingdoms. With the equalization of the rate it became a matter of indifference to the Exchequer in what part of the kingdom the duty on any particular gallon of spirits was paid. But, on the other hand, it became for the first time necessary, if it was desired to know the true contribution of each of the three kingdoms to the Excise, that the amount of spirits transferred, after payment of duty, from one to the other, should be recorded. Hence, in the year 1858-59, the Board of Inland Revenue established an account, intended to show the amount of spirits actually consumed in each of the three kingdoms, as distinct from the amount paying duty in each of them. This account has ever since been compiled quarterly, and a summary of it has been published every three months in the Board of Trade Returns, and once a year in our annual Report.

Unfortunately the details of the account have, as it now appears, been often made up with very inadequate care by the officers responsible for them. The reason, no doubt, is that they were of no importance whatever to the Revenue. The Return in question was a Return of the movement of spirits, which, whatever

whatver might become of them, had already paid their full due to the State. Hence the zeal of those engaged in collecting the statistics flagged, and they did not fully examine the documents from which they were compiling.

This was more especially the case with regard to the spirits removed, after payment of duty, from dealers' stores. When duty-paid spirits are removed from a warehouse, they are accompanied by a "permit" drawn up by the officer in charge of the warehouse, and it is easy for him to keep a correct account of such removals. But of the amount of removals from dealers' stores our officers have no other information than that given by the dealers themselves, who are bound by law to send with every consignment of spirits a certificate, stating the quantity and place of destination. The certificates are taken from books supplied to the dealers by the Revenue authorities, and containing counterfoils, on which the dealers fill in details corresponding to those given in the certificates. These counterfoils are subsequently collected by the officers of Inland Revenue, and it is in extracting the information contained in them, a task which is always laborious and often difficult, that frequent mistakes have occurred. It will easily be understood that, where the quantities under examination are so great, a number of omissions, each individually slight, may collectively produce a heavy percentage of error. For the negligence, which made such a result possible, all parties concerned are undoubtedly to blame.

But the root of the mischief lay in a faulty system, and now that the radical imperfections of that system have been fully exposed, we shall adopt means of checking the Returns which will ensure accuracy for the future.

We have the honour to be,  
Your Lordships' most obedient servants,

*A. Milner,  
F. Lacy Robinson.*